

Hargreaves Services 'on the up' after successful move away from coal legacy, says CEO

The chief executive of Hargreaves Services says the group is "on the up" after a difficult five years transitioning away from its roots in the coal industry.

Gordon Banham, who owns 8% of shares in the multi-faceted group, said his team is putting North East-cultivated steel making and coal mining skills to use in the UK and overseas on a broad range of projects including HS2, metal recycling and wind farms.

Hargreaves is currently bidding for two significant contracts, a £50m earthmoving job at the forthcoming Sizewell Nuclear Power Station and another £80 project on construction of the Lower Thames Crossing. Both contracts would represent a "step up" for the business, which shipped its last 'coals from Newcastle' in 2021 and boasts about 50 contracts across three key divisions: Land, Industrial Services and Raw Materials.

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At its peak, Hargreaves Services employed nearly 8,000 people and since its diversification away from coal the firm now employs closer to 1,500 in the North East and internationally. Some of those remaining have worked for the company for up to 40 years and Mr Banham says the team has shown a rugged determination to adapt and change.

Mr Banham said: "We've had a difficult five years as we transitioned – coal was in the DNA that pumped through our business. We mined it, we transported it, we took it to power

stations and we worked at those power stations.

“Our Industrial Services division is people who worked at steel plants such as SSI at Redcar and coal-fired power stations that have now closed, and now they’re working in the green space. For instance, we do all the materials handling at Port of Tyne for the biomass feeding Lynemouth Power Station, we work at CF Fertilisers at Billingham, we work at Drax – and we’ve taken that expertise abroad where we work at a steel plant in South Africa and we have a big operation with between 200-300 people in Hong Kong where we’re responsible for running power stations over there.”

Hargreaves’ team has also used its skills to turn around a German pig iron and zinc production facility it acquired in 2019 – DK Recycling – which was losing about £5m per year at the time and this year, Mr Banham said, will post profits of more than £20m. Closer to home Hargreaves is behind all earthworks on a major section of the HS2 project near Aylesbury – the group’s single largest contract worth more than £175m in revenue and coming with inflation-proof “cost plus” terms.

Mr Banham added: “We’ve deployed mining expertise from North East team – a lot of our foremen are down there, as are the trainers required to teach people how to drive these big earth moving vehicles. The skilled managers have come from our old coal mining operations in the North East and Scotland.”

A strong cash position has allowed Hargreaves to invest in its staff – offering wage increases, higher pension contributions and life insurance cover for all its employees. And with no bank debt, Mr Banham said no decisions had been made as to whether some of the £15m cash pile Hargreaves currently has would be used for acquisitions or returned to shareholders via buybacks.

The firm’s land business – built around a substantial

portfolio including 17,000 acres in Scotland – has spawned housing and commercial property projects as well as extensive leasing agreements with wind farm operators – which have led to Hargreaves hosting about 1% of the UK’s energy production on its land.

Mr Banham said: “I’m very proud that we were a company that was based in Esh Winning and started as a transport company on an old coal mine site, it grew, it listed as a public company nearly 20 years ago and it was very predominantly in coal. Obviously, that coal legacy has gone and I’m particularly proud of my team because if you look at all the big companies – UK Coal, Scottish Coal – they all went bankrupt and we survived.”

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